

FINAL BILL REPORT

HB 1068

C 102 L 95

Synopsis as Enacted

Brief Description: Preserving port district debt limits.

Sponsors: Representatives Brumsickle, Chappell and Radcliff.

House Committee on Government Operations
Senate Committee on Government Operations

Background:

1. Constitutional and statutory limitations on local government indebtedness.

Article VIII, section 6, of the state constitution, establishes two limitations on the cumulative amounts of general indebtedness that a local government may incur. The first limitation restricts the cumulative amount of general indebtedness that may be incurred without voter approval. The second limitation is a greater amount that applies only if voters authorize general indebtedness. This second limitation restricts the total cumulative amount of general indebtedness that may be incurred, with or without voter approval.

Normally, statutes reduce both cumulative general indebtedness limitations below the constitutional limitations. The statutory limitations vary for different types of local government.

Local government general indebtedness limitations are described in terms of a dollar amount of indebtedness not exceeding a certain percentage of the value of taxable property within the local government.

2. Varying limitations on port district indebtedness.

Statutes classify port districts by a variety of different factors and establish varying limitations on the amount of general indebtedness that such classes of port districts may incur.

As a general rule, a port district may incur non-voter approved general indebtedness not exceeding one fourth of 1 percent of the value of taxable property in its boundaries.

There are a number of exceptions to this general rule. For instance, a port district with less than \$800 million in value of taxable property may incur non-voter approved general indebtedness not exceeding three-eighths of 1 percent of the value of taxable property in the district. This special indebtedness limitation only applies if the port district has a comprehensive plan for harbor improvements or industrial development and a long-term financial plan that is approved by the Department of Community Development. Further, this higher level of indebtedness may only be used to acquire or construct a facility for which a lease contract exists for a minimum of five years.

Summary: The classification of port districts to which a special indebtedness limitation applies is altered. The affected classification allows port districts with less than \$800 million in value of taxable property to incur non-voter approved general indebtedness of up to three-eighths of 1 percent of the value of taxable property in the district for purposes of acquiring or constructing a facility for which a lease contract exists for a minimum of five years.

The language establishing the class of such port districts is altered, from any port district with less than \$800 million in value of taxable property, to any port district that had less than \$800 million in value of taxable property in 1991.

Votes on Final Passage:

House	88	5
Senate	45	0

Effective: July 23, 1995